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CIRA NEWSLETTER

Volume VIII No. 1 January—March 1983

"It's a Great Place to Work and I'm Sure You Miss it a Lot" — McMahon

On November 1, some 480 CIRA members met for a luncheon meeting at Fort Myer's Officers' Club. Our speaker was John N. McMahon, who last June became deputy director of Central Intelligence. Our president, Charlie Claxon, introduced McMahon, noting that among "those of us who know him, each has his own memory bank. I'm sure I speak for all of us in saying we are very proud of John's accomplishments. If I may paraphrase a current TV ad, John got his present job the old fashioned way—HE EARNED IT!" Speaking without notes, McMahon gave a brief state-of-CIA report, which was taped. Except for minor editorial changes, his verbatim remarks follow.

I was going to start by saying something clever like: under Casey and McMahon CIA has never been better. But when I look at the talent assembled here, I'm overwhelmed with humility, and realize what tremendous talent CIA has been blessed with over the years. Indeed there is nothing quite like the good old days.

In a way CIA is different, we've changed somewhat; we've grown with age, matured, and we face a world that is a little different than when even you were there, regardless of how long ago. The requirements facing the Agency today are awesome. We still worry about the Soviets. Their military still consumes a good 50 percent of our time, concerned as we are about the entire military-industrial complex in the Soviet Union. This is as it should be. For the last three decades the Soviets have brought on line 150 different weapon systems that are in R&D and reaching fruition. That is something we indeed have to worry about. We also look at the succession in the Soviet Union and wonder what that will bring. Some of the sages on Moscow worry about whether it's going to be Andropov, or Chernenko, or Kirilenko. But the bottom line is, it doesn't matter. The Soviets are still the formidable force that can vaporize the world if they choose to do so. We therefore have to keep a man-to-man defense against them.

The Agency has moved very aggressively into the economics of the world, for economics permeates all decisions. Looking at Moscow today, we see a nation that grows only 1-1½ percent per annum but is quite willing to dump 14 percent of its gross national product into military defense. That continues to boggle the mind and we wonder how can they do that, and where will it give. So we continue to play a great deal of attention to the Soviet problem.

Against that backdrop we are called upon not only to predict every coup that might take place (regardless of whether it's in Ghana or Surinam), and also be prepared for little events like the Falkland Islands. Then, of course, the Mideast, which has consumed so much of our energies for years and years, continues to be a major problem and of major concern to us. It's not only the Mideast of the Arab-Israeli conflict, it's the Mideast that has witnessed the growth of a radical Islamic movement, and the threat that that movement poses to our friends and their interests throughout the entire Persian Gulf. So we have to read the pulse of that while worrying about the stability of nations surrounding the area. Certainly Africa, because of its strategic materials and the overall position in the world, creates demands that we respond to with at least some knowledge of every country and every player.

When you come around to our own back door we have Cuba, the expansionism of Marxism by Cuba and the Soviets throughout Central America, and the threat that this may pose to Latin America must be played against the backdrop of the economic instability existing throughout the world. Some third world nations (or lesser developed countries, as we kindly refer to them nowadays) owe 600 billion dollars. We see no signs that they can pay these debts. And what does that do to the stability of the regimes? In fact, when they look at any country nowadays, our policy makers don't look at just who's who and what political party carries the clout there, but also at the underlying economic stability of that nation, and at what the ramifications of instability would be.

Since the beginning of CIA we have seen how the Soviets will prey upon the instability in any country in order to overturn it. And so we have to worry about that. Look around the world at the key choke points—Vietnam and Southeast Asia; the Indian Ocean; the Yemen in the Red Sea; the unrest in Morocco which could lead to sealing off the Mediterranean, and Nicaragua and Cuba around the Panama Canal. You can see the decided interest and focus of a Soviet strategy to tie off those sea lanes of communication and to make sure that they have leverage in those areas of the world.

And while we worry about this instability and while we worry about the Soviet Union, what do our allies do? Our allies now become extremely competitive in the sense that they are more willing to take on the United States economically—in cars, in computers, in microchips—in various areas of the world. Trade in a world once the total domain of the United States is now falling victim to this competition. Therefore we in CIA are called upon to make sure we have a good feel for what is happening economically, so that our negotiators can make sense at the negotiating table and not permit nations to have certain trade barriers that inhibit the free sale of U.S. goods overseas while these same nations enjoy a good market here. And, of course, we have all witnessed how the domination which the U.S. enjoys in the aircraft industry has been challenged by nations of Europe who now subsidize their aircraft companies so that they can compete with the United States. What do we do about that? How do we expose it? Those same Western allies also turn to us, take our technology and ship it off to the Soviet Union to be used in a pipeline which has to be the biggest bonanza the Soviets have enjoyed since mankind began. Thus the Soviet Union has our technology, and a free stake in easy credits to build the pipeline, as well as eventual access from Western Europe of some six to seven billion dollars a year of cold, hard currency which it can then use to acquire more technology.

The technology transfer that we worry about, particularly in CIA, is not the technology one gets through free trade —not even the technology one might acquire illegally, but the technology that is garnered from agent operations right here in River City. It is rather awesome that the Soviets had the plans of the C-5A before that plane even flew here; that when we first intercepted the signal of the air AWACS radar, we thought it was our own, because indeed it was. When we study the look-down, shoot-down radars that they have, we find these were acquired from the United States. Guidance systems which improve their accuracy, made in the United States—the technology ac-

quired from the United States. The Soviets are running good, solid operations to acquire that technology. In fact, their weapons designers are so smug that they'll design a weapon and identify the part that they want from the United States. It then flows down through the requirements process to the KGB or GRU. That is what we are dealing with when we talk about technology transfer. Also there are cases where technology is acquired by companies quite willing to ship it to favored nations, winking at the knowledge that it will end up in Moscow. The United States then has to plow more money into our own defense so that we can stay even or ahead of the U.S. technology being imported by the Soviet military.

Against this newfound interest in the economics of the world and world trade, we have to bite the bullet on such same old problems as narcotics, which by any rule of thumb, is an 80-billion dollar a year program here in the United States. How do the drugs come in? Who does it? How is all that money getting laundered? It's showing up in shopping centers and buildings around the country. How is that done? It's not only a requirement to find out the key traffickers and the way of trafficking, but how they manipulate the markets of the world to make use of the funds that they get through that illegal trade.

Terrorism is also very much in vogue. Ten years ago we only had to worry about 48 countries of the world where terrorist acts have been committed. Today such countries number 96. Americans are the key targets, not because they are rich, not because they are wealthy, but simply because they are Americans. Moreover, we see a decided shift in the terrorists who were quite willing in times past to go after the American businessman because he became the banker. Every time a terrorist organization needed funds, it would grab the local American and hold him for ransom, and when they got the funds, were content until more money was needed. But now terrorists go after U.S. officials and Americans simply because they are Americans. It is an insidious program. At one time there were very large organizations which we had relative success in penetrating. Today they are almost Mom-and-Pop organizations. And if you are not a member of the family, you are not in the clique. It is such terrorists that we have to worry about worldwide.

When you think of terrorism, you also have to think of nuclear proliferation. It remains a key responsibility of ours to stay on top of which nations of the world have a capacity to build the bomb, which are going through the motions of doing so, as well as which nations have the technology to build the bomb and could clandestinely do so, but just not test it until the time comes to use it. With such proliferation you suffer the threat of terrorists getting a hand on one of those weapons. When you think of just the number of weapons that are all over the world, you have to worry and stay up late at night thinking about what happens when the terrorists do get a weapon.

As you can see, the Agency has a rather full platter from just the requirements that are levied upon it. And you all are aware from reading newspapers and magazines of the renewed interest that we have in "special activities." Thank God for the CIA annuitants. They have helped us keep our head above water, where we have been prudent enough to call back talent willing to help us in this area of

our work, which suffered total atrophy. I also think too we are clever enough to make sure that we accept on our platter only those things that we can carry out in a wise and successful fashion.

But we also have, I think, a golden era upon us in CIA. We not only have an administration whose President has come out time and time again supporting a very strong and vigorous intelligence program, but also a benevolent Congress which has been willing to take the lead in rebuilding the Agency. Several years ago—over OMB's objections—Congress appropriated funds and people for CIA to start to rebuild. At that point, even Congress was ashamed of the state of our capability. Today, to an appreciable degree, Congress remains benevolent. I think our legislators have been very helpful and constructive in their criticism. Except for a very unfortunate staff report, which was rather erroneous, that came out from the House a few weeks ago, we have enjoyed a good relationship with our Congress and a very healthy one. Let me say that the best thing CIA has is oversight committees, not to keep us proper or trim or whatever, but to protect us. We have organizations on the Hill that are party to our activities and give us funds for those activities. And so four or five years from now, when someone suddenly thinks it was a bad idea to do "X" in 1982, you won't have Senators and Congressmen with short memories because their knowledge of these activities will be on the record. I think it is personally and institutionally a tremendous protection to have that. When you stop and think about it, Congress has been most responsible in handling the information that we provide to them. I don't feel any pangs of concern in making them a party to our program.

Probably the best thing that has happened to CIA though, of late, is a guy named Bill Casey. And I say that not because he is our boss, but because of what he is doing. Here is an individual who knows how intelligence ought to be used and must be used. He has been a forcing function in getting policy makers the specific intelligence they need, as well as providing them the global implications of that intelligence. Because of the position that he enjoys, not only in the administration as a close friend of the President, but also in the Cabinet, he is an easy bridge for making sure that the policy maker has a way of finding what is really needed. Over the years the biggest problem the Agency has had has been trying to find out what the policy maker wants. Well, Casey has that insight and that intuitiveness. He is able to force us to get the intelligence out. He has taken the NIE process, the National Estimates process, and made that very vital. He puts out intelligence time and time and time again and gets it out to the policy makers so that the policy maker, even if he doesn't use it, has to consciously consider it before kicking it aside. It is something that is staring him in the face. If he is making decisions that run against that intelligence, then he is doing so willfully and wittingly. And those people think twice before they do something like that. As a result of that process, the Agency (the reason why all of us exist, to get that intelligence out where it can be used by a policy maker) is doing a superb job.

So, all in all, I feel a very upbeat atmosphere when it comes to CIA. We enjoy a good reputation once more in the United States. Intelligence is an honorable profession, in case you haven't heard. Last year we had some 250,000 applicants, either call-ins or write-ins, seeking employment at CIA. We were able to narrow that down to 19,000 different interviews. The greatest shortage we have is bringing people on board with languages, because we've lost that ethnic background the Agency enjoyed years ago, and because our school systems let us down by not teaching languages or not requiring them for advanced degrees. I understand that in this past year, schools have gone back to the Humanities and to languages so that once more, maybe in a few years, we can profit from that. The young CTs that we're bringing on board are very dedicated, as one must be to serve in CIA, but more than that, they have an aura of patriotism about them. It is not the patriotism that you witnessed in WWII, or Pearl Harbor, but it's a patriotism of the youth of the United States who want to do something for their country and feel that working for CIA is a great way of doing it. And over the number of years that we've run the CT program, which is close to 32, we still have 60% of those on board today and probably the other 40% is looking at me now. I can't say enough for the Agency. There are gaps. We can do better. We have to do more. But all in all, it's a great place to work and I'm sure you miss it a lot. Thank you.

Questions and Answers

Q: Compared with attitudes immediately after the proceedings of the Church and Pike committees, would you comment on the level of trust among the U.S. intelligence agencies?

A: The Agency enjoys a free flow relationship with our colleagues in the intelligence community. This is not only at the DIA, State, and the military services level, but the most notable change has been with the FBI. In the case of the FBI, we suddenly decided that we are on the same side. We've divided up the turf: The Bureau worries about domestic counterintelligence and we worry about the foreign. What is very interesting to watch is the interplay that takes place when a source of ours moves to the United States and we turn him over to the Bureau, and, conversely, how when a Bureau source moves overseas, we pick him up. I think we have a free and open exchange. Judge Webster is certainly an individual who encourages such an exchange. The Bureau has also moved to develop a very professional intelligence division, with officers who now have been able to spend a great deal of their time in intelligence and have as a result developed an expertise in it. So, I am very pleased with what I see and I really don't see any shortcomings in relationships within the intelligence community.

Q: How about the situation among the foreign countries with which we maintain relations?

A: Foreign countries continue to be amazed at how an open society exists with an intelligence organization, but more importantly, how an intelligence organization exists in an open society. But we do fairly well by them. They realize that while there is always the threat, because of FOIA (Freedom of Information Act), because of the propensity for people to either write books or talk to *Newsweek*, and such things, that we are able to keep the lid on as far as they are concerned. We enjoy good exchange, although we do know that there are times when foreign liaison has withheld information that we thought would be useful. It is only because we are so good that we know that they withheld it.

Q: Could you comment on the Geoffrey Arthur Prime espionage case in the UK?

A: I could, but I think you would consider it the thousand-yard treatment. The Prime case is still under litigation. I recently had an exchange with our British colleagues, who are most upset that they read about this in the newspaper.

Q: Could you comment on our differences with Europe regarding nuclear arms control?

A: The antinuclear movement has a genuine base in Europe where for years certain Europeans have been against the TNF or the INF, call it what you will. This is because they perceived themselves as being Ground Zero in a nuclear exchange. Well, unfortunately, the geography of Europe doesn't afford Europeans protection when it comes to the Soviet Union. But, the freeze is something insidious because it sounds so good: Let's just all freeze; we won't build any more weapons, and we can then walk off into the sunset. The problem is that, when you freeze, it's like running a race where the Soviets are just about to cross the finish line and we're halfway back and someone says, "freeze." You are still too far away. If we could reach a parity with the Soviet Union, then I'd say a freeze might be fine, but until then, a freeze is all wrong for the United States when it comes to strategic balance.

Q: What problems with the legislature and the courts has the FOIA created for CIA and what's being done about it?

A: When it comes to using the present FOIA exemptions, the courts have given us tremendous support, and they determined that no one should be able to look beyond what the DCI says when it comes to whether or not a document is duly withheld. Some courts, in-camera, have peeked at the documents just to keep us honest, but on the whole they have substantiated and ruled in favor of the Agency. When it comes to the FOIA, we do intend to seek greater exemption, we will continue to abide by the

tional files because that's where we are concerned about exposing methods or sources. If we can get all our operational files excluded, then I think we can give the protection that our agents and our foreign liaison folks really need. In the long run, when it comes to the substantive material, then I think it is fair game to have a review to decide whether or not it can be released, either for the public good or for history, academicians, and what-have-you.

Q: What do you consider your biggest problem?

A: From a requirements standpoint? Or what do I worry about? Bill Casey—He's on my back all day long. (Laughter) I think the key problem we have is fashioning intelligence for consumption. That is difficult to do because each policy maker is a different breed of cat and you can't write one pub and service everyone, and tailoring intelligence to the needs of key players is essential. We do have a very active program where not only the NIOs, but also the division chiefs, and office chiefs in the DDI, are out with their counterparts in Commerce, State, Treasury, and what-have-you. Casey and I meet once a week individually with Schultz, Weinberger and Clark. They kind of go over what they think their needs are, coming up in the near-term, and I think that permits us to be very responsive. But if I could pick one failing we have, it is that we don't have the security and support structure overseas that we need. We have cut back over the years; the first to go was the support structure, then the security officers, then the analysts. You were then left with the operations people. As we've gone through the rebuild now, we've rebuilt the analysts and the operations people; we still haven't gotten around to rebuilding the support structure. I feel very naked overseas not having security officers. Our people are the most vulnerable over there. That's where they get in trouble. That's where the action is. One thing I have on my platter to do is to get more security officers back overseas.

Q: A common problem of concern we run into in travelling around the country is what can be done to prevent future Wilsons and Turpils?

A: We're designing all our CT's in the image and likeness of Jack Maury. (Laughter) And, I think, we've put a great deal into our screening, not only from a security standpoint but from a psychological and psychiatric standpoint as well. And that's where the real payoff is. But when you look at Wilson, Turpil and even a few others that we may suffer from time to time, the track record is pretty good. If we can remain prudent and diligent in our screening process, we will continue to enjoy the good luck and good fortune we've had thus far. It is difficult to live down the stigma of people who do things like they have, but on the whole, I think we have a pretty good program and would continue to endorse that. Also, reinvestigation and polygraph never hurts, either. ■